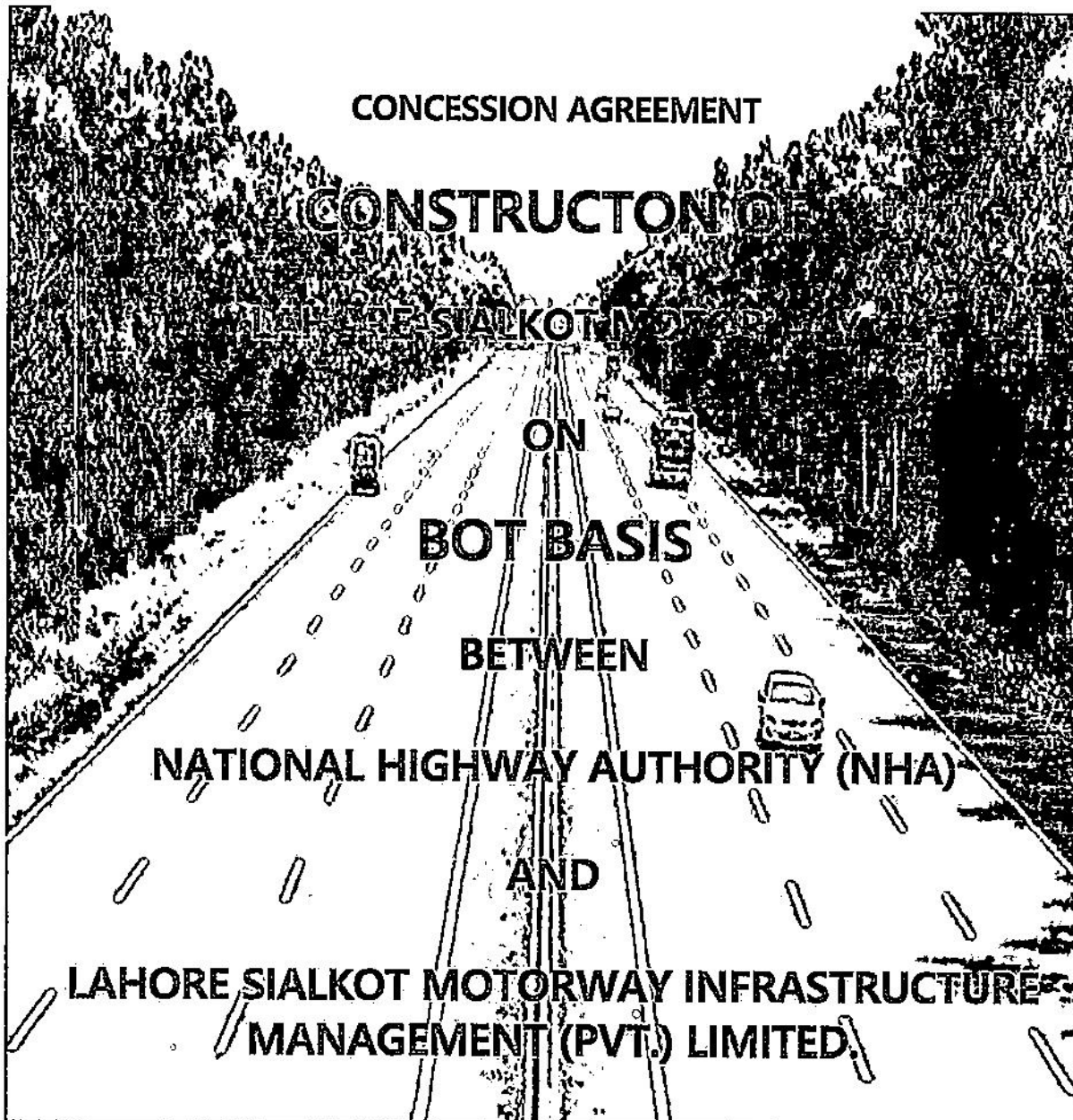


DIRECTORS REPORT

LAHORE SIALKOT MOTORWAY INFRASTRUCTURE MANAGEMENT (PRIVATE) LIMITED



DIRECTOR'S REPORT

For the year ended
June 30, 2018

Directors are pleased to present the Annual Report together with the Audited Statement of Accounts and the Auditors' Report of the Company for the financial year ended 30th June, 2018.

BUSINESS REVIEW

Principal Activities

The main business of the Company is to develop, design, construct, operate and transfer the concession assets in accordance with the terms of the concession agreement and during concession period, collect, receive and earn the toll revenue and other revenues generated from the said project. The Company is a subsidiary of Frontier Works Organization.

Company entered into a concession agreement with the National Highway Authority for the construction and development of Lahore – Sialkot Motorway, National Highway N-5, on Built Operate Transfer (BOT) basis on 28th February 2017 under Concession Agreement.

Financial Performance

The Company was incorporated on 04 October 2016 as private limited company and Financial Statements were prepared in accordance with approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of International Financial Reporting Standards for Small and Medium-Sized Entities (IFRS for SMEs) issued by the Institute of Chartered Accountants of Pakistan and provisions of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions or directive of the Companies Ordinance, 1984 shall prevail. Summarized financial results for the year are as under:

Particulars	June 30, 2018	June 30, 2017
	(Rs.)	(Rs.)
Balance Sheet		
Fixed Assets (Including Concession Assets)	14,247,017,313	-
Cash & Bank	1,966,990,090	72,655,439
Long Term Loans (Including current portion)	7,205,544,909	-
Current portion of Long Term Loans	-	-
Shareholder's Equity	21,643,299,500	100,000
Share deposit money	1,122,478,619	11,949,904,681
Administrative expenses	(235,386,362)	(13,390,307)
Finance Cost	(85,279,518)	(8,983,367)
Profit / (Loss) after taxation	(91,313,547)	1,753,687

DIRECTORS

During the year Major General Inam Haider Malik, Director General FWO was appointed as the Chief Executive Officer (the "CEO") of the Company till the 3th annual general meeting of the Company.

At present Board Composition is as follows:

- | | |
|---------------------------------------|------------|
| 1. Major General Muhammad Afzal | (Chairman) |
| 2. Major General Inam Haider Malik | (CEO) |
| 3. Brigadier Syed Waqar Hasnain | (Director) |
| 4. Brigadier Zubair Abbas | (Director) |
| 5. Brigadier Tahir Saddiq Raja (Retd) | (Director) |
| 6. Sardar Salman Sher Qaisrani | (Director) |
| 7. Muhammad Amir khan | (Director) |

OUR HUMAN CAPITAL

We have a strong commitment to develop our human resource polices which nurture Professionalism, Team work, Goal congruence, Mutual respect and Confidence contributing to optimal efficiency.

CONTINGENCIES AND COMMITMENTS

Except as disclosed in financial statements, there have been no material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and date of this report.

EXTERNAL AUDITORS

Auditors Deloitte Yousaf Adil & Co. , Chartered Accountants, having its office at G-8 Markaz, Islamabad, were appointed to act as the External Auditor for period until next AGM..

GOING CONCERN

There is no doubt that the Company has the ability and strength to operate as a going concern.

PRESENTATION OF FINANCIAL STATEMENT

The financial statements prepared by the Management present the Company's state of affairs, the results of its operations, cash flows and changes in equity in a fair and accurate manner.

BOOKS OF ACCOUNT

Company has established its accounting and reporting systems so that proper books of account are maintained.

ACCOUNTING POLICIES

Appropriate accounting policies are consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

COMPLIANCE WITH IAS AND IFRS

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as applicable in Pakistan have been followed in preparation of financial statements.

COMPANY STANDARD OPERATING PROCEDURES AND INTERNAL CONTROL SYSTEM

Company has designed Standard operating procedures (SOPs) and established Company processes and operational systems including internal control system. Our Directors have ensured its effective implementation and will keep on monitoring in future.

COMPANY'S INTERNAL CONTROL AND REPORTING SYSTEMS

The Board is responsible to implement overall corporate governance in the Company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditures, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information Systems. It is also responsible for approving and monitoring financial and other reporting.

AUDITORS' REPORT

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed.
2. The Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Board has delegated responsibility for operation and administration of the Company to the Chief Executive Officer. The Board has constituted the following committees which work under the guidance of Board:-
 - a. Project Monitoring Committee
 - b. Procurement Committee
 - c. Audit & Finance Committee.
 - d. Human Resource Committee
 - e. Corporate Affairs Committee

f. Business Development Committee

ACKNOWLEDGEMENTS

Directors place on record their gratitude for the continuing support of Shareholders, bankers and Business associates at all levels.



For and ~~on behalf~~ of the Board

[Brig Tahir Saddiq Raja, Retd]

04 December, 2018